

Message Text

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53/13

ORIGIN EA-14

INFO OCT-01 ISO-00 L-03 INT-08 IO-14 CIAE-00 DODE-00 PM-07

H-03 INR-10 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 OMB-01 TRSE-00 /112 R

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3/20/74 EXT. 20870

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INTERIOR/OMSN - MR. WILSON

INTERIOR/DOTA - MR. RADEWAGEN

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R 201841Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

CINCPACREP GUAM TTPI

C O N F I D E N T I A L STATE 055585

C O R R E C T E D C O P Y (CORRECTION LINE 8, PARA 2)

E.O. 11652: GDS

TAGS: PFOR, TQ, JA

SUBJECT: TTPI: WAR CLAIMS-TAX EXEMPTION

FROM STATE AND INTERIOR (DOTA)

CINCPACREP PASS TO HICOM AND STATUS LNO SAIPAN

REFS: (A) TOKYO 2755; (B) TOKYO 2878

1. TAX EXEMPTION TO JAPANESE NATIONALS DERIVING INCOME IN
TTPI PURSUANT TO IMPLEMENTATION OF CLAIMS AGREEMENT CAN BE
GRANTED WITHOUT PASSAGE OF LOCAL COM LEGISLATION. FOLLOW-
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ING IS EXPOSITION OF AUTHORITY AND PROCEDURE TO IMPLEMENT

TAX EXEMPTION IN ABSENCE OF LOCAL LEGISLATION.

2. WITH RESPECT TO THE LEGISLATIVE POWERS OF THE COM, SECTION 2 OF PART III OF INTERIOR SECRETARIAL ORDER NO. 2918 AND 2 TRUST TERRITORY CODE (TTC) 102 STATE "... NO LEGISLATION MAY BE INCONSISTENT WITH (A) TREATIES OR INTERNATIONAL AGREEMENTS OF THE UNITED STATES;". THUS THE HICOM THROUGH DELEGATION OF AUTHORITY UNDER EXECUTIVE ORDER 11021 AND IN CONSONANCE WITH SECTION 1 OF PART II OF SECRETARIAL ORDER NO. 2918, AS AMENDED MAY, WITH THE APPROVAL OF THE DEPARTMENT OF STATE (CONVEYED VIA THIS MESSAGE), DIRECT THE GRANTING OF THE TAX EXEMPTION AGREED UPON IN TIAS 7581. THE HIGH COMMISSIONER THUS HAS AUTHORITY TO INSTRUCT THE DIRECTOR OF FINANCE AND THE DISTRICT FINANCE OFFICERS TO REFRAIN FROM LEVYING TAXES WHERE PARAGRAPH 5 OF TIAS 7581 SUPERSEDES TT LAW. IT IS UNDERSTOOD THAT ALL JAPANESE NATIONALS OTHERWISE REQUIRED TO FILE TTPI INCOME TAX RETURNS WOULD DO SO. THOSE JAPANESE NATIONALS ELIGIBLE FOR EXEMPTION FROM TAXATION WOULD MAKE APPROPRIATE NOTATION ON THEIR TTPI RETURNS AND THEREBY APPLY FOR SUCH EXEMPTION TO TTPI DIRECTOR FINANCE.

3. ACTION TOKYO: EMBASSY MAY INFORM GOJ THAT USG IS TAKING THIS COURSE OF ACTION. YOU MAY ADVISE GOJ THAT USG IS FULLY AWARE OF ITS OBLIGATIONS UNDER CLAIMS AGREEMENT, AND HAS DEVELOPED ABOVE PROCEDURES TO ASSURE FULFILLMENT OF US OBLIGATIONS.

4. FOR HICOM AND STATUS LNO. WE BELIEVE FORMAL CONSULTATIONS WITH CONGRESSIONAL LEADERSHIP ON DEVELOPMENT OF THESE PROCEDURES NOT NECESSARY OR DESIRABLE. ANY EFFORT DIRECTED AT OBTAINING COM LEADERSHIP CONSENT, TACIT OR OTHERWISE, PROBABLY WOULD ONLY GENERATE FORMAL PROTESTS BASED ON COM DECISIONS NOT TO LEGISLATE EXEMPTIONS. IF DEEMED DESIRABLE, YOU MAY INFORM COM LEADERSHIP THAT EXEMPTIONS WILL BE TREATED AS ROUTINE ADMINISTRATIVE IMPLEMENTATION OF A BINDING INTERNATIONAL COMMITMENT WHEN INDIVIDUAL CASES ARISE. WE EXPECT THERE WILL BE FEW SUCH CASES. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, AGREEMENT DRAFT, PROPERTY WAR CLAIMS, TAX RELIEF
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE055585
Document Source: CORE
Document Unique ID: 00
Drafter: JCDORRANCE:MHS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740059-0639
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740328/aaaabanl.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) TOKYO 2755; (B) TOKYO 2878
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2002 by elyme>; APPROVED <31 JAN 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TTPI: WAR CLAIMS-TAX EXEMPTION FROM STATE AND INTERIOR (DOTA)
TAGS: PFOR, TQ, JA, US
To: TOKYO CINCPACREP GUAM TTPI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005